



## Q1 2024: RICS UK Facilities Management Survey

# Upbeat demand trends accompanied by a strong rise in industry employment

- Demand reportedly rising across most sectors, with the exception of retail
- Workloads, employment and profit margins all expected to improve over the next twelve months
- Investment into data analytics, machine self learning and automation reportedly rising particularly firmly

The Q1 2024 RICS Facilities Management Survey results remain consistent with solid growth continuing across many sectors of the industry. As shown in Chart 1, respondents cited an uptick in demand for FM services within most categories during Q1. At the stronger end of the spectrum, a net balance of +38% of respondents reported an increase in demand for both the business and private industrial sectors. Similarly, a net balance of +37% of respondents saw an increase across the education sector during Q1. Conversely, the retail sector continues to exhibit patchy demand trends, with the net balance reading slipping to -11% during the latest survey period (the weakest figure since late 2021).

At the headline level, a net balance of +65% of contributors saw an increase in hiring across the industry through the start of this year (up from a figure of +46% in the previous iteration of the survey). What's more, this marks the strongest reading for the employment indicator since 2021. Looking ahead, a still solid net balance reading of +22% of respondents anticipate employment levels moving higher over the next twelve months, even if this suggests the pace of hiring growth may ease to a certain extent.

Meanwhile, around three-quarters of survey participants report encountering difficulties when sourcing workers for building operation and maintenance roles. That said, this is slightly lower than a share of 86% noting such challenges in the previous survey. Likewise, 55% of respondents found it difficult to find workers for roles in support services, although again, this is not quite as high as 65% back in Q3 last year. Interestingly, there was a noticeable moderation in the proportion of contributors citing challenges in sourcing staff for energy management positions (from 48% to 28%) and for IT/Telecom roles (from 33% to 17%).

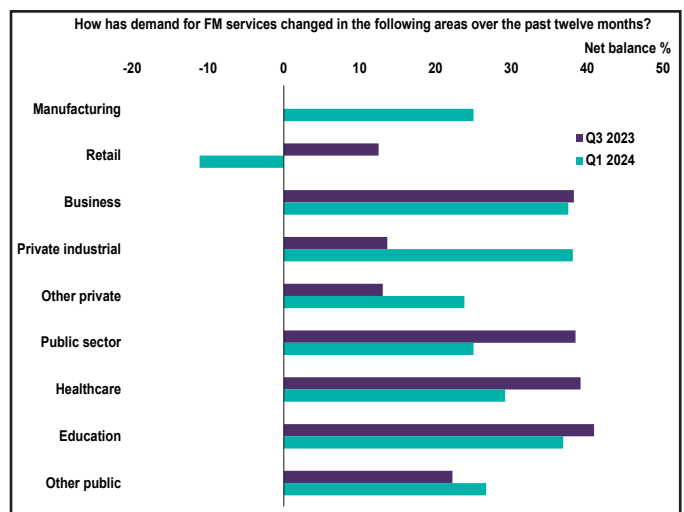
With respect to expectations for overall workloads for the coming twelve months, the latest net balance of +65% points to continued strong growth in activity across the FM sector. Also of note, a net balance of +11% of respondents intend to acquire more properties over the course of the next twelve months. In fact,

this represents the strongest reading for this metric since the survey's inception in 2020. Significantly, expectations for profit margins over the coming twelve months turned positive for the first time since 2021. Moreover, the Q1 reading of +19% also represents the most upbeat view on the outlook for profit margins since the survey was formed four years ago.

In keeping with the results of the previous survey, respondents reported that the duration of FM contracts, on average, had shortened (evidenced by a net balance reading of -10% being returned in Q1). Meanwhile, cost savings are still considered to be the primary driving force for demand in FM services.

In terms of investment into technology, data analytics, machine self learning and automation stand out as seeing the strongest growth (in net balance terms) over the past twelve months. That said, respondents also reported a firm rise in investment into connectivity and integrated workplace systems. By way of contrast, investment appears much flatter regarding BIM optimisation and, in particular, across blockchain technology.

Chart 1



# Key indicators

Chart 2

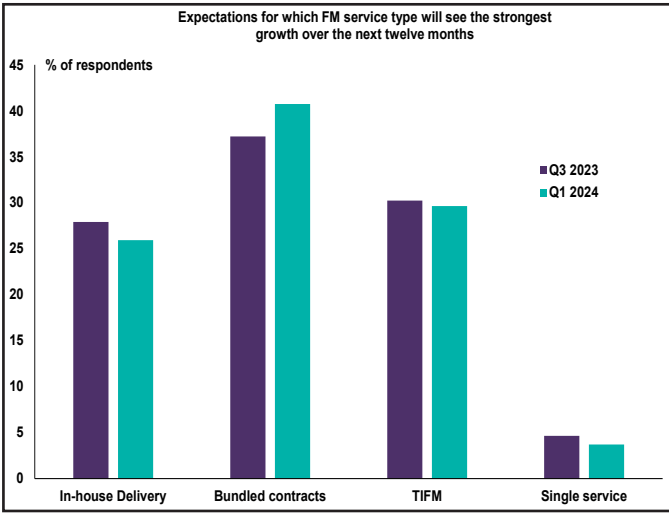


Chart 3

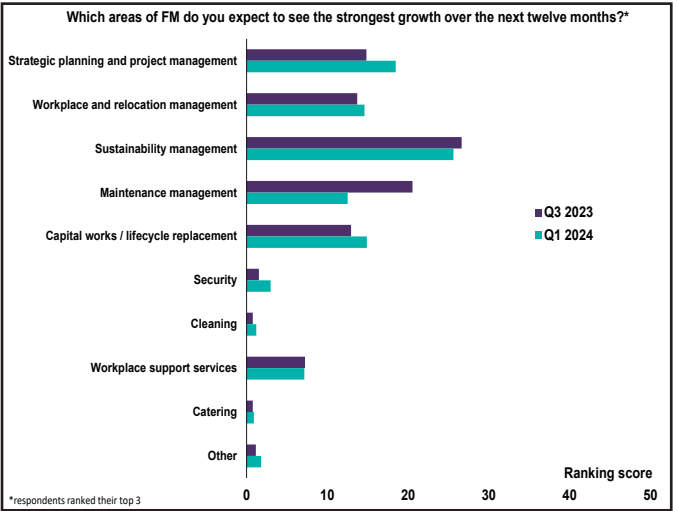


Chart 4

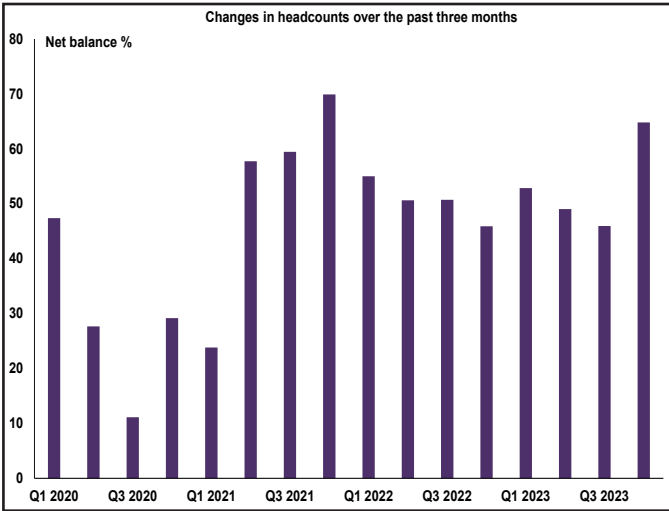


Chart 5

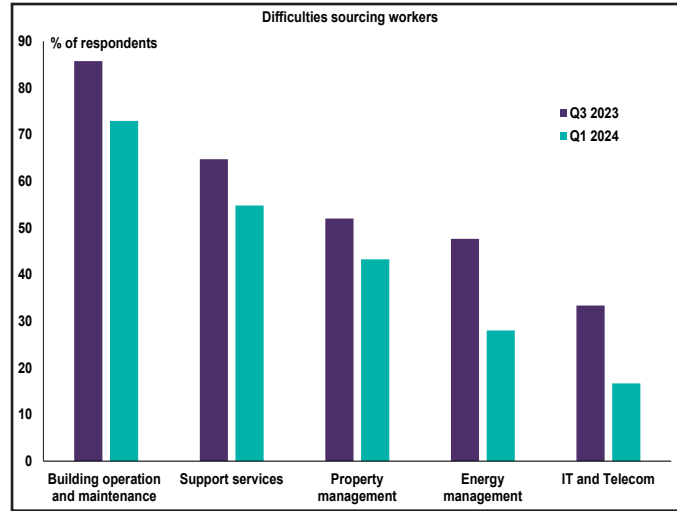


Chart 6

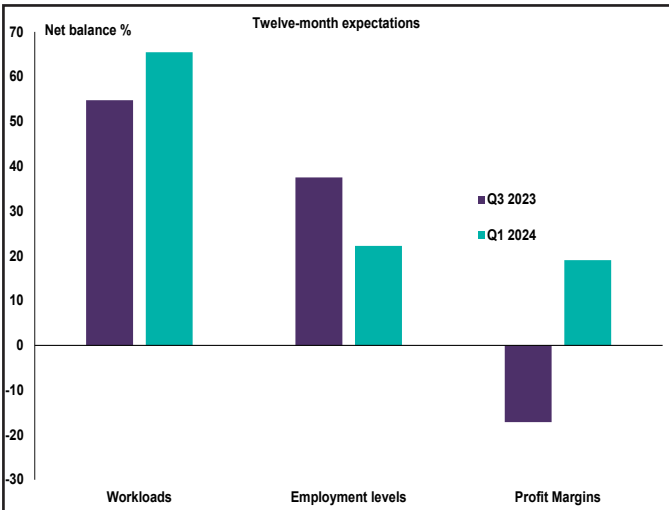
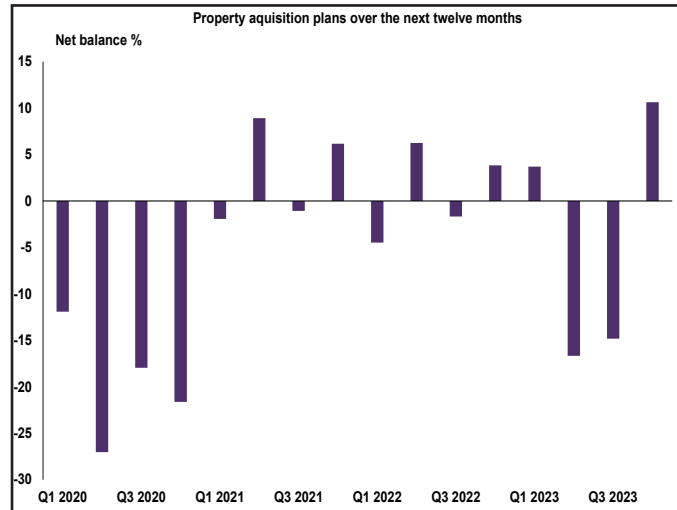


Chart 7



# Key indicators

Chart 8

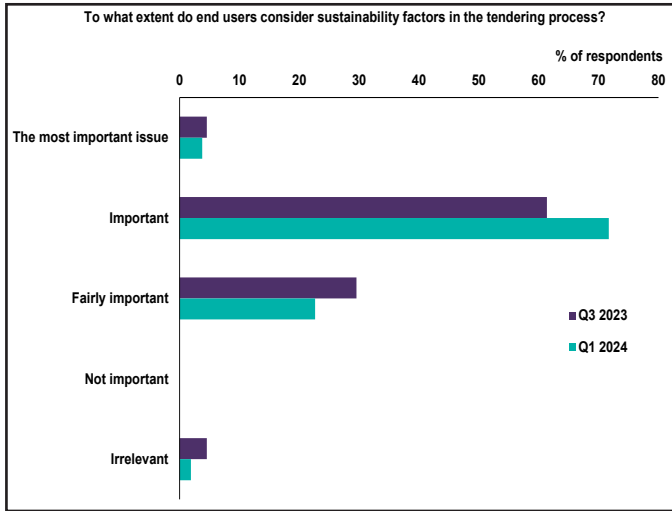


Chart 9

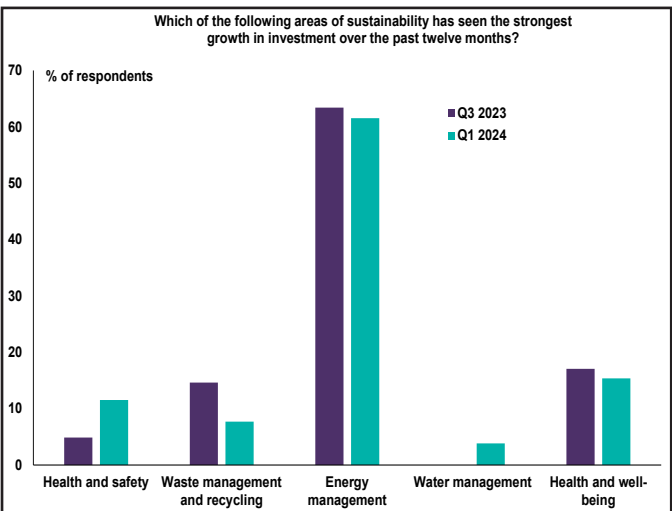


Chart 10

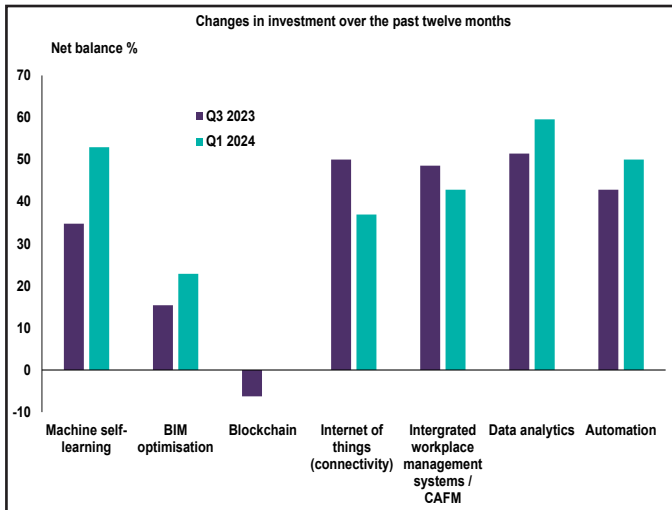
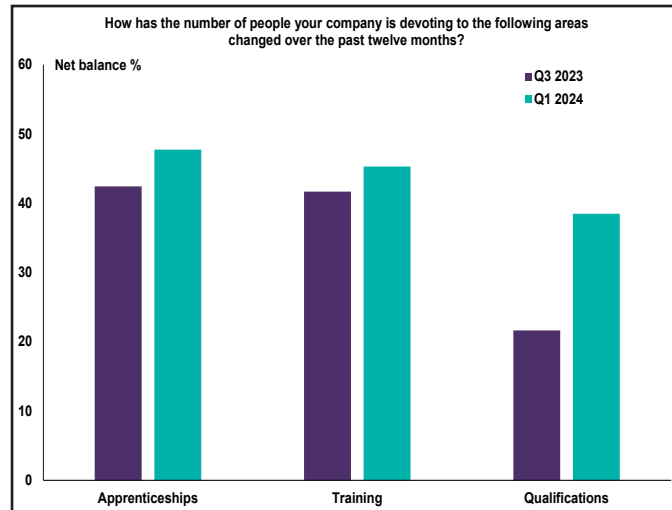


Chart 11



# Methodology

## About:

The RICS Facilities Management is a quarterly sentiment survey of Facility managers, service providers and FM consultancies who operate across the UK. Data collection began in 2020.

## Net balance data:

- **Net balance = Proportion of respondents reporting a rise in prices minus those reporting a fall** (i.e. if 30% reported a rise and 5% reported a fall, the net balance will be 25%).
- The net balance measures breadth (how widespread e.g. price falls or rises are on balance), rather than depth (the magnitude of e.g. price falls or rises).
- Net balance data is opinion based; it does not quantify actual changes in an underlying variable.
- Net balance data can range from -100 to +100.
- A positive net balance implies that more respondents are seeing increases than decreases (in the underlying variable), a negative net balance implies that more respondents are seeing decreases than increases and a zero net balance implies an equal number of respondents are seeing increases and decreases.
- Therefore, a -100 reading implies that no respondents are seeing increases (or no change), and a +100 reading implies that no respondents are seeing decreases (or no change).
- In the case of the RICS price balance, a reading of +10 should not be interpreted as RICS saying that house prices are going up by 10%, but that 10% more surveyors reported increases rather than decreases in prices (over the last three months).
- A change from +30 to +60 does not mean that the variable grew by 30% in one period and by 60% in the next period, but it does indicate that twice as many surveyors reported an increase compared to a decrease than in the previous period.
- Likewise, if we get a reading dropping from +90 to +5, this still means that more respondents are reporting increases than decreases overall, but the breadth of those reporting increases has fallen dramatically; meanwhile, a shift in the reading from -90 to -5 still means that more respondents are reporting decreases than increases overall, but the breadth of those reporting decreases has fallen dramatically.

## Questions Asked:

1. What is your occupation?
2. How has demand for FM services changed in over the past twelve months?
3. Which type of FM service do you feel will see the strongest growth over the next twelve months?
4. Which area of FM do you expect to see the strongest growth over the next twelve months?
5. Have you hired anyone new (additional) staff in the past three months?
6. Have you experienced any difficulties in sourcing workers in the following areas over the past three months?
7. How do you expect the following to change for your company over the next twelve months? (Workloads, Employment levels, Profit Margins)
8. Over the next twelve months, do you intend to? (Acquire more property, Retain the same level, Dispose of property)
9. To what extent do you sense end users consider sustainability factors in the tendering process?
10. Which of the following areas of sustainability has seen the strongest growth in investment over the past twelve months?
11. How has investment changed into the following technologies over the past twelve months?

12. How has the number of people your company is devoting to apprenticeships, training and qualifications changed over the past twelve months?

## Economics Team

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## Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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